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Authority **NND 969000**By **CB** Date **04/09/02**~~SECRET~~

EMBASSY OF THE
UNITED STATES OF AMERICA

Tehran, Iran

7/13/69
7/17/69
July 12, 1969
Tehran
James
Nichols

OFFICIAL - INFORMAL

Walter M. McClelland, Esquire
Office of Iranian Affairs
Bureau of Near Eastern and South Asian Affairs
Department of State
Washington, D. C.

Dear Mac:

While waiting for the information promised in paragraph 4 of Deptel 107964, we have been considering how best to manage the delicate problem of keeping a voice for the U.S. in Iran's air defense deliberations at the same time not encouraging the purchase of weapons or stimulating a request for a cash sale.

General Twitchell tells us that General Casbeer has found several opportunities to reiterate doubts about the desirability of giving up reliance on the F-4s as Iran's principal defense against air attack. However, expressions of interest in point defense have continued (from General Khatemi and others) and have been insistent to the point where it is obvious we will have to express some willingness to consider how Iranian desires can be met or we will be out of the ball game altogether. This does not mean we intend to give up stressing that the F-4s plus existing AA weapons are still the best defense. General Twitchell hopes to have a chance to elaborate this view again in an audience with the Shah which he is seeking for next week.

This morning General Toufanian stated the GOI was about to sign letters of intent for purchase of the Swiss Oerlikon and the British Rapier, an indication of the speed with which the Iranians are moving. Pursuing the line set out in your telegram, General Twitchell will indicate to Toufanian in general terms that we are preparing to see how we might be helpful and, while no commitments can be made, it would seem sensible to think of financing additional AA equipment through the next increment in U.S. credit.

We think it particularly important that the Iranians be encouraged to study the whole matter much more intensively than they have so far.

GROUP 3

Downgraded at 12-year intervals,
not automatically declassified.

~~SECRET~~Signed *Nichols*

18 JUL 1969

Nicholas B. Nichols

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The study process should take a few months, bringing us closer to the time when we will be contemplating again the nature of the next increment in U.S. military credits for Iran.

We have even discussed the possibility of suggesting something like an air defense study of the kind done on Persian Gulf defense a year ago. But this was such a slow and cumbersome operation, that the General is thinking of asking instead for some people to come out from the Air Force to work with him in determining the character of Iranian air defense needs and how they can best be met.

Meanwhile, the Shah has asked for a complete strategic review of his ground forces. ARMISH/MAAG, acting under CINCSTRIKE directives, must move warily in helping in an exercise of this kind, since we do not wish to seem to be accepting any inflated threat estimates the Iranians may put forward. Nevertheless, such a study may offer opportunities for suggesting further streamlining and improving the quality of the ground element.

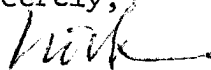
Along with this ARMISH/MAAG has in mind reviewing the six-year Modernization Plan to see how practical it now looks in the light of another year's experience. This should help also in deciding how or if point defense equipment can be fitted somewhere into the four annual credit tranches remaining under our current program for future military sales to Iran. Our preliminary view is that they could be worked in though probably some items now contemplated might have to be postponed to the later years.

As you can see we are poised again on the horns of the usual dilemma. But given the speed with which the Iranians seem to want to move in this field, we see a need for some degree of U.S. involvement as the best means of slowing the headlong rush to purchase a third country weapon without full planning and appraisal. You may be sure that the General is stressing, as ever, manpower shortages and citing the absurdity of acquiring gear when trained men may not be on hand to operate it when it arrives.

We share your aversion to Raytheon's high pressure tactics. They have talked with ARMISH/MAAG and will be discussing their ideas further with Embassy officers. On all of these occasions we are taking the opportunity to reiterate that it is too early for them to meet with the Iranians. Is there still no means by which DOD can trim the sails of these traveling vendors before we are prepared to see their products put before the customers?

With all the best,

Sincerely,



Nicholas G. Thacher
Charge d'Affaires ad interim